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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - x
:
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
- - - - - x

**DEBTORS' FIRST OMNIBUS MOTION FOR ORDER PURSUANT TO
BANKRUPTCY CODE SECTIONS 105(a) AND 365(a) AND
BANKRUPTCY RULE 6006 AUTHORIZING REJECTION OF CERTAIN
UNEXPIRED LEASES OF PERSONAL PROPERTY**

The debtors and debtors in possession in the
above-captioned jointly administered cases (collectively,

the "Debtors")¹ hereby move (the "Motion") for entry of an order, pursuant to sections 105(a) and 365(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rule 6006 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing the Debtors to reject certain unexpired leases of personal property, including any amendments, modifications or subleases thereto, as set forth on the attached Exhibit A and Exhibit B (collectively, the "Leases"), and any guaranties thereof. In support of the Motion, the Debtors respectfully represent:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), Prahs, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courcheval, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address is 9950 Mayland Drive, Richmond, Virginia 23233.

core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Bankruptcy Code sections 105(a), 363 and 365(a) and Bankruptcy Rule 6006.

BACKGROUND

3. On November 10, 2008 (the "Petition Date"), the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code.

4. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108.

5. On November 12, 2008, the Office of the United States Trustee for the Eastern District of Virginia appointed a statutory committee of unsecured creditors (the "Creditors' Committee"). To date, no trustee or examiner has been appointed in these chapter 11 cases.

6. Based in Richmond, Virginia, Debtors are a leading specialty retailer of consumer electronics and operate large nationwide electronics stores throughout

the United States and Puerto Rico that sell, among other things, televisions, home theatre systems, computers, camcorders, furniture, software, imaging and telecommunications products, and other audio and video electronics.

7. Despite significant revenues, the Debtors have suffered two consecutive years of losses. While the Debtors made every effort to improve their financial performance and implement a global turnaround strategy, they were ultimately unable to consummate a successful restructuring outside of bankruptcy. In large part, the Debtors' chapter 11 filings were due to an erosion of vendor confidence, decreased liquidity and the global economic crisis.

8. Thus, the Debtors commenced these cases with the immediate goals of obtaining adequate postpetition financing and continuing their restructuring initiatives commenced prior to the Petition Date, including closing certain stores. In addition, the Debtors will continue to evaluate their business, work closely with their vendors, and enhance

customer relations with a goal of emerging from chapter 11 as a financially stable going concern.

RELIEF REQUESTED

9. By this Motion, the Debtors request the entry of an order under Bankruptcy Code sections 105(a) and 365(a) and Bankruptcy Rule 6006 authorizing the Debtors to reject the Leases.

10. The Debtors are currently performing their review and evaluation of other unexpired leases that are not the subject of this Motion. As this process continues, the Debtors may identify additional leases to be assumed or rejected. Accordingly, the Debtors reserve the right to seek to assume or reject additional leases in the future. This Motion should not be construed as a determination that any e leases not listed herein are to be assumed or rejected.

BASIS FOR RELIEF

11. In an effort to avoid any potential postpetition administrative costs and in the exercise of the Debtors' sound business judgment, the Debtors hereby move to reject the Leases.

12. The Leases are comprised of vehicle and equipment leases for vehicles and equipment used in or associated with closing stores or otherwise no longer needed. Certain of the Leases are with Gelco Corporation, dba GE Fleet Services ("GEFS"). The GEFS leases are listed on Exhibit A hereto. The remainder of the Leases are with PHH Arval, f/k/a PHH Vehicle Management Services Corporation ("PHH"). The PHH leases are listed on Exhibit B hereto.

13. Through the rejection of the Leases, the Debtors will be relieved from paying amounts that may be due or come due thereunder, as well as other costs, including taxes, insurance, maintenance and other related charges associated with the Leases. Currently, the Debtors have no productive use for the equipment and vehicles covered by the Leases. However, the Debtors may be obligated to pay amounts under the Leases. By rejecting the Leases at this time, the Debtors will avoid incurring unnecessary administrative charges for equipment that provides no tangible benefit to the Debtors' estates. The resulting savings from the rejection of the Leases will increase the Debtors'

future cash flow and assist the Debtors in managing their estates.

14. The Debtors have analyzed each of the Leases to determine the appropriate date of rejection. The Debtors have concluded that, to minimize unnecessary costs to the estate, the Leases should be rejected as soon as possible. The Debtors in each case are prepared to make the equipment and vehicles available for pickup by the lessors and to turn over to the lessors the keys to the equipment and vehicles that are covered by the Leases.

15. In considering their options with respect to the Leases, the Debtors have determined in their business judgment that the costs associated with assuming the Leases would be substantial and would constitute an unnecessary drain on the Debtors' cash resources. Based on this analysis, the Debtors have determined that the Leases provide no value to the Debtors' estates.

16. Accordingly, the Debtors believe that rejection of the Leases is in the best interests of

their estates, their creditors, and other parties in interest.

APPLICABLE AUTHORITY

17. Bankruptcy Code section 365(a) provides that a debtor, "subject to the court's approval, may assume or reject any executory contract or unexpired lease." 11 U.S.C. § 365(a). A debtor's determination to reject an executory contract is governed by the "business judgment" standard. See Lubrizol Enterprises, Inc. v. Richmond Metal Finishers, Inc., 756 F.2d 1043, 1046-47 (4th Cir. 1985), cert. denied sub nom., Lubrizol Enters., Inc. v. Canfield, 475 U.S. 1057 (1986); In re Extraction Technologies of VA, L.L.C., 296 B.R. 393, 399 (Bankr. E.D. Va. 2001); see also In re HQ Global Holdings, Inc., 290 B.R. 507, 511 (Bankr. D. Del. 2003) (stating that a debtor's decision to reject an executory contract is governed by the business judgment standard and can only be overturned if the decision was the product of bad faith, whim, or caprice).

18. Once the Debtors articulate a valid business justification, "[t]he business judgment rule 'is a presumption that in making a business decision the

directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.'"

Official Comm. Of Subordinated Bondholders v. Integrated Res., Inc., 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)).

19. The business judgment rule has vitality in chapter 11 cases and shields a debtor's management from judicial second-guessing. See Comm. Of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp., 60 B.R. 612, 615 16 (Bankr. S.D.N.Y. 1986) ("[T]he Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a debtor's management decisions.").

20. As set forth above, the Debtors have satisfied the "business judgment" standard for rejecting the Leases. The Leases are financially burdensome and unnecessary to the Debtors' estates. Rejection of the Leases is in the Debtors' best interests because the Debtors no longer have any use for the equipment and vehicles covered by the Leases. As such, the Leases provide no economic benefit to the Debtors, nor are such

Leases a source of potential value for the Debtors' estates and creditors. Accordingly, rejection of the Leases reflects the exercise of the Debtors' sound business judgment.

21. In summary, the Debtors believe that the proposed rejection of the Leases is tailored to minimize administrative expense, maximize distributions to creditors in these chapter 11 cases, and return control of personal property to the lessors quickly. In the exercise of their sound business judgment, the Debtors thus seek authority to reject the Leases.

22. Numerous courts, including those in this district, have authorized similar relief. See, e.g., In re Circuit City Stores, Inc., Case No. 08-35653 (Bankr. E.D. Va. Nov. 10, 2008); In re Movie Gallery, Inc., et al., Case No. 07-33849 (Bankr. E.D. Va. Oct. 17, 2007); In re Storehouse, Inc., Case No. 06-11144 (Bankr. E.D. Va. Nov. 21, 2006); In re Rowe Furniture, Inc., Case No. 06-11143 (Bankr. E.D. Va. Nov. 21, 2006); In re The Rowe Cos., Case No. 06-11142 (Bankr. E.D. Va. Nov. 21, 2006); In re US Airways Group, Inc., Case No. 02-83984 (Bankr. E.D. Va. Aug. 12, 2002).

NOTICE

23. Notice of this Motion has been provided to those parties entitled to notice under this Court's Order Pursuant to Bankruptcy Code Sections 102 and 105, Bankruptcy Rules 2002 and 9007, and Local Bankruptcy Rules 2002-1 and 9013-1 Establishing Certain Notice, Case Management, and Administrative Procedures (Docket No. 130) and to all lessors under the Leases. The Debtors submit that, under the circumstances, no other or further notice need be given.

WAIVER OF MEMORANDUM OF LAW

24. Pursuant to Local Bankruptcy Rule 9013-1(G), and because there are no novel issues of law presented in the Motion and all applicable authority is set forth in the Motion, the Debtors request that the requirement that all motions be accompanied by a separate memorandum of law be waived.

NO PRIOR REQUEST

25. No previous request for the relief sought herein has been made to this Court or any other court.

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter an Order, substantially in the form of the Proposed Order annexed hereto, granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: December 12, 2008 SKADDEN, ARPS, SLATE, MEAGHER &
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EXHIBIT A

(GE Fleet Services Leases)

EXHIBIT A

GE Fleet Services Leases

Unit #	Lease Schedule #	Delivery Date	VIN	Year	Make	Model
25080	.	11/3/2005	1G1ZT51F76F150670	2006	CHEVROLET	MALIBU
25081	.	11/29/2005	2CNDL23F066074437	2006	CHEVROLET	EQUINOX AWD
25086	.	12/9/2005	1G1ZT51856F165346	2006	CHEVROLET	MALIBU
25292	.	4/13/2006	2CNDL23F866154441	2006	CHEVROLET	EQUINOX AWD
25366	.	5/10/2006	2CNDL23F066170990	2006	CHEVROLET	EQUINOX AWD
25443	.	6/8/2006	2CNDL23F866185169	2006	CHEVROLET	EQUINOX AWD
26068	.	4/20/2006	1G1ZT51896F258080	2006	CHEVROLET	MALIBU
25028	0436	10/27/2005	1GCDM19XX5B133601	2005	CHEVROLET	ASTRO RWD PA
25029	0436	9/14/2005	1GCDM19XX5B133503	2005	CHEVROLET	ASTRO RWD PA
27308	0436	6/13/2007	3GCDA15D67S625795	2007	CHEVROLET	HHR PANEL FW
27253	0441	6/21/2007	3GCDA15D17S625140	2007	CHEVROLET	HHR PANEL FW
25111	0834	1/19/2006	JTLKT324264048932	2006	SCION	XB
27262	0884	6/15/2007	3GCDA15D27S625759	2007	CHEVROLET	HHR PANEL FW
27172	0891	7/6/2007	3GCDA15D17S625333	2007	CHEVROLET	HHR PANEL FW
25110	3222	1/19/2006	JTLKT324064038903	2006	SCION	XB
25113	3222	2/1/2006	JTLKT324264050311	2006	SCION	XB
25241	3222	2/21/2006	JTLKT324564059178	2006	SCION	XB
27323	3222	6/29/2007	3GCDA15D77S625479	2007	CHEVROLET	HHR PANEL FW
25118	3330	1/23/2006	JTLKT324064045320	2006	SCION	XB
27183	3337	7/4/2007	3GCDA15D87S624762	2007	CHEVROLET	HHR PANEL FW
27278	3341	6/27/2007	3GCDA15D77S624848	2007	CHEVROLET	HHR PANEL FW
25120	3362	1/23/2006	JTLKT324064049738	2006	SCION	XB
25015	3411	9/21/2005	1GCDM19X85B116568	2005	CHEVROLET	ASTRO RWD PA
27156	3411	6/15/2007	3GCDA15DX7S625136	2007	CHEVROLET	HHR PANEL FW
25112	3416	1/19/2006	JTLKT324264052107	2006	SCION	XB
25117	3558	1/23/2006	JTLKT324564043515	2006	SCION	XB
25116	3580	1/20/2006	JTLKT324164054866	2006	SCION	XB
25107	0834	3/14/2006	JTLKT324364043285	2006	SCION	XB

EXHIBIT B

(PHH Arval Leases)

EXHIBIT B

PHH Arval Leases

Unit Number	Lease Schedule Number	Delivery Date	VIN	Year	Make	Model
06067	02-0000-0400	12/27/2005	2CNDL23F066092808	2006	CHEVROLET	EQUINOX AWD
06005	02-0000-8042	12/31/2005	2CNDL23F066075748	2006	CHEVROLET	EQUINOX AWD
05068	02-0000-8059	4/6/2005	2CNDL23F256168589	2005	CHEVROLET	EQUINOX AWD
05030	02-0000-8064	12/15/2004	2CNDL23F056113848	2005	CHEVROLET	EQUINOX AWD
05043	02-0000-8064	2/21/2005	2CNDL23F056149295	2005	CHEVROLET	EQUINOX AWD
06009	02-0000-8064	12/23/2005	1G1ZS51846F177569	2006	CHEVROLET	MALIBU
06018	02-0000-8064	1/8/2006	2CNDL23FX66098079	2006	CHEVROLET	EQUINOX AWD
06014	02-0000-8079	11/22/2005	1G1ZS51826F155571	2006	CHEVROLET	MALIBU
06070	02-0000-8079	1/21/2006	1G1ZS51836F196002	2006	CHEVROLET	MALIBU
05058	02-0000-8137	3/5/2005	1G1ZS52F75F249280	2005	CHEVROLET	MALIBU
05059	02-0000-8137	4/8/2005	2CNDL23F556164150	2005	CHEVROLET	EQUINOX AWD
05070	02-0000-8137	6/1/2005	2CNDL23F556171017	2005	CHEVROLET	EQUINOX AWD
05081	02-0000-8137	6/25/2005	2CNDL23F056196925	2005	CHEVROLET	EQUINOX AWD
06019	02-0000-8137	11/18/2005	1G1ZS51866F161065	2006	CHEVROLET	MALIBU
05018	02-0000-8141	11/24/2004	1G1ZS52F35F185139	2005	CHEVROLET	MALIBU
05041	02-0000-8141	3/1/2005	2CNDL23F756143784	2005	CHEVROLET	EQUINOX AWD
05089	02-0000-8141	6/28/2005	1G1ZS52885F222770	2005	CHEVROLET	MALIBU
06008	02-0000-8141	12/7/2005	2CNDL23F366075789	2006	CHEVROLET	EQUINOX AWD
06056	02-0000-8141	1/26/2006	1G1ZS51846F161050	2006	CHEVROLET	MALIBU
06066	02-0000-8141	12/7/2005	2CNDL23F966081547	2006	CHEVROLET	EQUINOX AWD
05014	02-0000-8510	11/23/2004	2CNDL23F956103254	2005	CHEVROLET	EQUINOX AWD
05038	02-0000-8510	1/14/2005	2CNDL23F056127538	2005	CHEVROLET	EQUINOX AWD
05078	02-0000-8510	4/26/2005	1G1ZS52F25F281151	2005	CHEVROLET	MALIBU
05083	02-0000-8510	5/25/2005	1G1ZS52F25F292148	2005	CHEVROLET	MALIBU
05010	02-0000-8538	11/1/2004	2CNDL23F256090069	2005	CHEVROLET	EQUINOX AWD
05022	02-0000-8585	11/15/2004	1G1ZS52F25F184869	2005	CHEVROLET	MALIBU
05046	02-0000-8585	4/5/2005	1G1ZS52FX5F251752	2005	CHEVROLET	MALIBU
05066	02-0000-8585	4/5/2005	1G1ZS52FX5F259284	2005	CHEVROLET	MALIBU

Unit Number	Lease Schedule Number	Delivery Date	VIN	Year	Make	Model
06034	02-0000-8585	11/18/2005	1G1ZS51856F159291	2006	CHEVROLET	MALIBU
05031	02-0000-8587	12/6/2004	1G1ZS52F85F194418	2005	CHEVROLET	MALIBU
05072	02-0000-8587	5/2/2005	2CNDL23FX56180117	2005	CHEVROLET	EQUINOX AWD
05027	02-0000-8589	10/6/2004	1G1ZS52F55F195123	2005	CHEVROLET	MALIBU
05023	02-0000-8642	11/30/2004	1G1ZS52F35F184816	2005	CHEVROLET	MALIBU
05044	02-0000-8642	3/14/2005	2CNDL23F756157586	2005	CHEVROLET	EQUINOX AWD
05054	02-0000-8642	4/4/2005	1G1ZS52F45F249253	2005	CHEVROLET	MALIBU
05056	02-0000-8642	4/4/2005	1G1ZS52F65F254258	2005	CHEVROLET	MALIBU
05061	02-0000-8642	3/28/2005	1G1ZS52FX5F249595	2005	CHEVROLET	MALIBU
05063	02-0000-8642	4/4/2005	2CNDL23F756163551	2005	CHEVROLET	EQUINOX AWD
05064	02-0000-8642	3/14/2005	1G1ZS52F35F258848	2005	CHEVROLET	MALIBU
05069	02-0000-8642	5/9/2005	1G1ZS52F25F267525	2005	CHEVROLET	MALIBU
06016	02-0000-8642	11/22/2005	1G1ZS51876F163715	2006	CHEVROLET	MALIBU
06052	02-0000-8642	11/22/2005	2CNDL23F566074353	2006	CHEVROLET	EQUINOX AWD
06057	02-0000-8642	12/6/2005	2CNDL23F566077110	2006	CHEVROLET	EQUINOX AWD
06060	02-0000-8642	12/6/2005	2CNDL23F366078322	2006	CHEVROLET	EQUINOX AWD
06055	02-0000-8850	12/27/2005	2CNDL23F066081453	2006	CHEVROLET	EQUINOX AWD
05039	02-0000-8851	2/17/2005	2CNDL23F556143783	2005	CHEVROLET	EQUINOX AWD
05017	02-9000-1590	11/24/2004	1G1ZS52FX5F184697	2005	CHEVROLET	MALIBU
21872	05-0007-0540	12/20/2004	130006613	2004	JLG	ORDER PICKER SCHEDULE 62
21659	05-0007-3549	6/18/2004	130007191	2004	JLG	ORDER PICKER SCHEDULE 53A
21641	05-0007-3552	3/30/2004	130005981	2004	JLG	ORDER PICKER SCHEDULE 50A
21776	05-0007-3575	10/15/2004	130005932	2004	JLG	ORDER PICKER SCHEDULE 59
22084	05-0007-3598	1/30/2006	130007199	2006	JLG	ORDER PICKER SCHEDULE 75
22200	05-0007-3748	10/5/2006	379234	2006	BIG	ORDER PICKER SCHEDULE 85

Unit Number	Lease Schedule Number	Delivery Date	VIN	Year	Make	Model
22201	05-0007-3763	11/8/2006	379233	2006	BIG	ORDER PICKER SCHEDULE 87
21805	05-0007-3784	10/12/2004	130005942	2004	JLG	ORDER PICKER SCHEDULE 59